

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2367 - HB 2599

March 2, 2018

SUMMARY OF BILL: Requires the Division of TennCare (Division) and its managed care organization (MCO) contractors to accept a claim from a healthcare provider as being timely filed whenever the claim is filed within one year of the date of service. A healthcare provider may seek review of a denial of a claim on the basis of this one year limitation period in the same manner as a claims dispute under Tenn. Code Ann. § 56-32-126.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$20,416,900

Increase Federal Expenditures - \$39,383,100

Assumptions:

- Based on information provided by the Division, the proposed legislation will result in some claims that are currently denied for payment having to be paid. Currently, the timely filing requirement for providers to file claims is 120 days. The proposed legislation will extend the deadline to one year.
- In 2016, approximately \$92,000,000 claims were denied due to untimely filing.
- The Division's MCOs estimate 35 percent of these claims would not have met all other requirements for payment, resulting in 65 percent (100% - 35%) of these claims being paid. The Fiscal Review Committee staff is unable to verify the validity of this estimate.
- The recurring increase in expenditures is estimated to be \$59,800,000 (\$92,000,000 x 65.0%). Medicaid expenditures receive matching funds at a rate of 65.858 percent federal funds to 34.142 percent state funds. Of the \$59,800,000, \$20,416,916 (\$59,800,000 x 34.142%) will be in state funds and \$39,383,084 (\$59,800,000 x 65.858%) will be in federal funds.
- The Department of Commerce and Insurance TennCare Oversight Division will enforce the proposed legislation through the monitoring of the TennCare MCOs claims payment accuracy, investigation of complaints and the administration of the independent review process set forth in Tenn. Code Ann. § 56-32-126. The TennCare Oversight Division can accomplish this utilizing existing resources without an increased appropriation or reduced reversion.

SB 2367 - HB 2599

IMPACT TO COMMERCE:

Increase Business Revenue – Up to \$59,800,000

Assumption:

- Healthcare providers will experience an increase in business revenue up to \$59,800,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jem